



## CIVIL SOCIETY DIALOGUE

# A FRESH START: EU COMMISSIONER FOR TRADE CECILIA MALMSTRÖM MEETS CIVIL SOCIETY TO DISCUSS EU TRADE POLICY

**Date:** 04/12/2014

**Time:** 15.00 - 16.30

**Location:** Alcide de Gasperi room, Charlemagne Building, Rue de la Loi 170, Brussels

### **Lead speaker**

Ms Cecilia Malmström, EU Commissioner for Trade

### **Moderator**

Mr Peter Sandler, Director for Resources, Information and Policy Coordination, Directorate-General for Trade

**DG participants:** Lutz Guellner, Montserrat Gago, Christel de Jonge, Unit for Information, Communication and Civil Society, Directorate-General for Trade

**Cabinet participant:** Jolana Mungengová, Cabinet of the EU Commissioner for Trade

### **Introductory remarks**

Commissioner Malmström made an [introductory speech](#), where she presented her priorities on trade policy.

### **Discussion Highlights / Questions and Replies**

A lively debate took place during which the following topics were raised:

#### **Transparency**

**GMB Trade Union** brought up the issue of trade governance. It enquired whether a “fresh start” would mean a whole new approach to trade governance and if this would entail that trade agreements, which in their view had until now been made for the few, would in the future be made for the many. GMB considered that trade agreements had not raised the level of life in developing countries but created more competition among them, such as was revealed by the Rana Plaza disaster. In their view, lack of transparency derives from the fact that trade deals were not made to benefit the majority of EU citizens.

**Commissioner Malmström** explained that a “fresh start” referred not only to a more transparent approach but also to processes, such as in the new way in which the College would be working together following President Juncker’s guidelines. For instance, she would be working in close cooperation with VP Katainen (responsible for Jobs, Growth, Investment and Competitiveness) and HR Mogherini (responsible for Foreign Affairs and Security).

Commissioner Malmström conveyed her conviction that trade is beneficial for all, not only for companies but also for citizens, as it generates growth, investment, new jobs, and new thoughts, exchanges of ideas and helps to sustain our system. Trade can be a contributor to the way the EU engages with the rest of the world and to EU foreign policy. We need to be part of global growth and trade can help us to participate in this growth but this has to be done according to rules. The Commissioner expressed her satisfaction on the fact that WTO is back on track and hoped that more international negotiations can be brought into the WTO framework.

The Commissioner referred to the work developed together with partners and the ILO on the Bangladesh Compact in the aftermath of the terrible tragedy of the Rana Plaza as being a good example of how the EU can engage together with other international actors. This platform has encouraged the Bangladeshi authorities to improve the situation of workers (working conditions, minimum wage, etc.) and obtain compensation for the affected families.

On the impact of trade agreements on sustainability, she announced that a public consultation on Sustainability Impact Assessments (SIA) would be launched in the coming months to adapt the SIA handbook to developments that have taken place in the last years.

**Transport and Environment** suggested that the Commission should include in its “fresh start” a vision of trade for the 21<sup>st</sup> century, what it means to the EU and the rest of the world and how it will involve citizens. T&E would like to see an assessment of how trade and trade negotiations impact other cross-cutting issues in EU policies, such as environment.

**Commissioner Malmström** emphasised that the Commission is increasing its efforts on transparency. She agreed that a vision for trade in the 21<sup>st</sup> century is needed and indicated that the Commission will prepare a new communication on trade and investment towards the end of 2015, which will include priorities, strategy, how trade can be beneficial to citizens and companies, and how trade can be useful to other areas, such as foreign policy. The Commission will welcome input from stakeholders on this new communication.

**Verbraucherzentrale Bundesverband** enquired whether public consultations on other TTIP negotiating chapters had been foreseen, such as on services and regulatory cooperation.

**Commissioner Malmström** replied that no other public consultations on TTIP had been foreseen. However, the Commission engages thematically with civil society on TTIP and other particular areas of interest through different fora (civil society dialogues, stakeholder meetings, etc.).

**Peter Sandler** added that more texts have been put on line which has given an opportunity for stakeholders to have their say. Moreover, there may be other consultation methods that are shorter and more innovative than public consultations. In this context, the evaluation of the Civil Society Dialogue carried out this year came up, among other recommendations, with the proposal of having more specialised meetings twice or three times a year, where reflections and position papers could be prepared beforehand, besides the regular CSD meetings.

**Friends of the Earth Europe** enquired on the timing of the release of the report and conclusions of the public consultation on investment protection in TTIP. Furthermore, it asked whether the Commission would assess not only job creation but also potential job losses and trade diversion in TTIP negotiations.

**Commissioner Malmström** indicated that the Commission is finalising a summary of the answers to the consultation, which has to be processed internally. It will then be published and discussed with stakeholders. [The report is available at [DG Trade's website](#)]

On impact assessments, she explained that they are done before and after trade negotiations take place. Some Member States also launch impact assessments on their side and the Commission assists them whenever it is requested.

**Access** asked whether the CETA and TiSA mandate would be released and requested more information on the legal nature of the CETA agreement (mixed or EU only). Also, they enquired why the EU was negotiating on issues where it does not have a harmonised EU position, such as copyright and data protection.

On CETA, **Commissioner Malmström** explained that the text has been published but still has to go through legal scrubbing, a technical process that will take approximately half a year. Once this process is finalised, lawyers will have to determine whether it is a mixed agreement or not (this decision will be taken prior to requesting signature of CETA to Council and consent on it by the European Parliament).

**Peter Sandler** remarked with regard to copyright that it is not that unusual, at times when the regulatory framework in the EU is in evolution, to put the issue on the negotiating table and to inform negotiators on internal progress on the issue during the negotiations.

**European Trade Union Committee for Education** expressed its doubts on the consistency of the transparency initiative, citing the example of TiSA, where offers are available but not the mandate whilst the TTIP mandate is public and not the offers.

**Commissioner Malmström** recalled that the Council gives negotiating directives (the so-called mandate) to the Commission, so it would be up to Member States to decide whether they will make the CETA and TiSA mandates public as they did with the TTIP mandate. She indicated that she would ask Member States to make the TiSA mandate public since many other TiSA texts are already public. Furthermore, it will have to be seen how the transparency approach can be extended from TTIP to other negotiations in the future.

**Transatlantic Consumer Dialogue** pointed out that they liked the new more open and frank dialogue approach but were concerned about the substance. For EU citizens to lose their scepticism about TTIP, they would have to know what is involved, for instance, how TTIP can contribute to benefit the health of EU citizens. TCD considered that there should be a more qualitative assessment on the impact of TTIP negotiations on consumers.

**Commissioner Malmström** agreed that the benefits and potential gains of TTIP will have to be better explained moving from macroeconomic statistics to national and sectoral examples. She reiterated that products that are not allowed in the EU will not be accepted if they come from the US or other countries. Similarly, the rights of countries to set up rules for reimbursement of medicines to patients will in no way be affected by TTIP; the modalities are decided by each EU Member State in line with the division of competence that applies for this field in the EU .

### Sustainable Development in trade agreements

**Confédération des Syndicats Chrétiens** referred to the importance trade unions attach to having good sustainable development (SD) chapters in trade agreements, in particular with regard to the TTIP negotiations. In this respect, CSC expressed its hope that the EU goal to reinforce labour rights could contribute to improving labour rights in the US in practical ways even though the US Congress would not ratify ILO core labour conventions. The goal for CSC would be that TTIP led to a harmonisation of labour rights between both partners (with an upgrade on the US side).

**Commissioner Malmström** observed that SD chapters in trade negotiations are important for the EU. SD is being discussed with the US and talks are advancing. She emphasised that she would like to ensure that, even if conventions *per se* are not ratified by the US Congress, the spirit of the core conventions will be respected. In any event, TTIP is not the forum where issues related to labour in the EU or the US can be solved. She emphasised that rules in the EU will continue to apply to US (or any other third country) companies and vice versa. The Commissioner underlined her personal commitment to ensuring that SD chapters are monitored, followed up and constitute a significant part of the negotiation and implementation of trade agreements.

**Compassion in World Farming** raised the issue of ethical considerations in trade policy and enquired if red lines had been established in this respect. The EU's exports of live animals to non-EU countries are increasing and, once animals are no longer in the EU, the conditions of transport and slaughter may not be appropriate. It called for a ban on these exports and a replacement by trade in carcasses and meat to avoid mistreatment of animals outside the EU.

**Commissioner Malmström** noted that animal welfare was discussed in CETA and there is wording on the importance of animal welfare in the agreement. A joint working group has been set, which has already exchanged views before the agreement has been ratified, and there is interest on the issue from the Canadian side. The Commissioner said that she took note of CiWF's concerns and would welcome thoughts on this issue.

**Peter Sandler** added that with the US, the main focus is to build upon the framework provided by WTO with an exchange of information on current practices as a starting point.

### SMES

**Eurocommerce** highlighted the importance of predictability of trade policy for economic operators, in particular for SMEs, and referred to the good practice in this respect on the entry into force of the revised Generalised Scheme of Preferences, where importers had been informed ahead and had had one year to adapt to the changes. Eurocommerce asked whether similar initiatives were already in the Commission's legislative trade agenda.

**Commissioner Malmström** agreed that predictability is important for EU companies. The Commission endeavours to publish as many preparatory documents as possible so that stakeholders can see the direction that trade policy is taking and allow those who will be affected by EU initiatives to prepare ahead and concretely input in the Commission's work. The Commission is currently carrying out a stock-taking exercise on current trade negotiations and reflecting on the agenda for the next five years.

**European Economic and Social Committee** requested more information on the role of small businesses. This issue is not only important for the CETA agreement and TTIP negotiations, but also

with other countries such as Japan and China. EESC asked whether it had been foreseen to provide specific support to SMEs.

**Commissioner Malmström** indicated that a special chapter on SMEs is included in TTIP and that an impact assessment of the potential agreement on SMEs is being carried out. It is also important to make sure that trade agreements are correctly implemented and that SMEs make use of the potential benefits through training and support on how to use the opportunities provided.

### **Opening new markets**

**Danish Dairy Board** stressed the importance of the EU to keep negotiating new trade agreements that can contribute to open new markets in the future, in particular to compensate losses due to the current Russian embargo. In this sense, the EU should also explore the possibilities to be competitive in markets such as Australia, New Zealand and China. DDB enquired whether negotiations were envisaged with these countries.

**European Farmers** declared that, in the context of stagnation and uncertainty of international markets, the EU should search actively for new and alternative markets and make better use of the agreements already in place. EF highlighted the importance of having adequate tools, which should be flexible enough to promote EU products. On TTIP, EF considered that it could bring huge opportunities (and also challenges) and, with respect to agriculture, it should focus on issues such as trade barriers and the protection of Geographical Indications (GIs). EF also asked whether the Commission was planning to make an analysis of the cumulative effects of existing and future FTAs on agriculture.

**Freshfel Europe** highlighted the importance of international trade for the fresh fruits and vegetables sector since they have lost a high percentage of export volume due to the problems with Russia, which will have to be compensated by increasing efforts on the diversification of markets. However, Sanitary and Phytosanitary (SPS) requirements by trading partners are costly, such as the in the case of the US and Japan, due to the lack of existing rules. Moreover, the correct enforcement of existing trade agreements should look at these aspects, e.g. Chile and Mexico with whom the EU has unsolved SPS issues. The EU should explore possibilities to develop a strategy with the aim of pooling efforts to negotiate market access with third countries in a block rather than country by country or product by product.

**European Services Forum** asked whether the EU would envisage initiating negotiations with countries where there is high growth and willingness to engage, such as Malaysia, New Zealand and Taiwan.

**Commissioner Malmström** noted that the Commission aims at seeking new markets. On the US, SPS issues are being discussed. On Mexico, a scoping exercise is ongoing due to the need to update and modernise the existing agreement; if the level of ambitions is similar, negotiations might start next year. This process has just started with Chile.

On WTO, the Commissioner stated that we have a real opportunity to close the Doha round, which can help to solve some of these issues.

**Peter Sandler** added that although agreements in place, such as the one with Mexico, provide opportunities to open markets, they did not guarantee trade. Furthermore, the EU has to be vigilant on enforcement aspects. Market access teams work together with EU Delegations in third countries to push with a collective EU voice on regulatory issues. Moreover, we learn from our agreements

and, when we have the opportunity to update the deals, some of the problems that have emerged during the enforcement phase can be corrected and updated.

On China, **Commissioner Malmström** recalled that it is an important but difficult market. The current EU priority is the negotiation of an investment agreement. The Commissioner added that to engage in new negotiations, countries and resources have to be prioritised. Currently, the EU is engaging, among other countries, with Vietnam, Japan, Myanmar and India. Australia and New Zealand are natural partners with whom we may increase cooperation but agriculture is a sensitive issue that has to be assessed prior any decision is made. The Commission has regular contacts with Taiwan, e.g. cooperation on TiSA and ITA, joint seminar on services. On Turkey, the old customs union has to be modernised and talks are ongoing.

### **Impact of trade negotiations on specific economic sectors**

**European Generic Medicines Association** observed that trade negotiations can have a positive impact in terms of development policies internally, especially in areas such as regulatory cooperation. Bilateral negotiations, such as with the US and Japan, can be beneficial in the sector of generic medicines and biosimilars to industry, governments, regulators and patients and they would welcome that these negotiations move forward fast and with high ambition levels. EGMA proposed that the Commission look into ways to ensure that political discussions did not slow down the process of regulatory cooperation.

**Commissioner Malmström** agreed that pharmaceuticals is an area where more can be achieved by trying to find a common ground that is safe scientifically to avoid duplications and help to obtain cheaper medicines.

On the political climate in the US, the Commissioner pointed out that the EU has received positive signals. President Obama has indicated that his two priorities on trade are TPP and TTIP and has expressed his hopes to obtain trade authorisation (the so-called Trade Promotion Authority) from Congress by spring 2015. Two parallel teams work on both negotiations and it seems the US would aim to finalise the negotiation before the end of the mandate of President Obama. For the EU it is important to have a good deal, and if possible, quickly, but substance will prevail over timing.

**Association des Constructeurs Européens d'Automobiles - ACEA** highlighted the opportunity that trade agreements offer for growth and to create and maintain jobs. On TTIP, ACEA looked forward to a sectoral agreement, not only on elimination of tariffs, but also on a meaningful package of measures increasing regulatory convergence (e.g. on equivalence of performance). They would also like to ensure that US regulators (in particular, agencies) are committed to safety and environmental aspects in the TTIP negotiations. With regard to Japan, ACEA flagged that a priority for EU automobile industry is that the calculation methods should be the same as with compact cars with no discrimination in favour of *kei cars*<sup>i</sup>

On regulators in the US, **Commissioner Malmström** explained that the intention is to establish fora for the discussion of standards and regulatory issues. On Japan, *kei cars* are being discussed and Japanese negotiators have a constructive attitude. The Commission is fully aware that the issue of the taxation of *kei cars* is important to EU car industry and that a good solution has to be found.

### Services in trade agreements

**European Trade Union Committee for Education** expressed concerns about the ways in which trade agreements could affect public services, in particular the quality of education services. ETUCE asked why it had been decided to clearly exclude audiovisual services but not public services, including education, from the TTIP mandate.

**Commissioner Malmström** remarked that, if an agreement with the US could be obtained on recognition of qualifications, it would be good news for ETUCE members. With regard to public services, they have always been excluded from the negotiation of trade agreements, including publicly funded education. She assured that this approach would not change and she would state this in even a clearer way in the future.

**ARD-Verbindungsbüro Brüssel** asked for clarification on the scope of the exemption of audiovisual services in the TTIP and whether it targeted only the trade in services part or also the agreement in its entirety, including investment protection and regulatory coherence. Furthermore, ARD enquired about the definition of digital products for the purpose of that exemption and whether digital products would be discussed in TTIP.

**Peter Sandler** explained that audiovisual services are explicitly excluded in the mandate given to the Commission for TTIP/TISA and other ongoing trade negotiations. One reference to be taken into account is the CETA agreement, in terms of detail there was nothing innovative in the approach taken as the Commission received a clear message not to negotiate on audiovisual services from the Council. He confirmed that the Commission was aware of the US interest in the area of digital products but the EU is still reflecting on the issue.

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<sup>i</sup> *Kei*-class vehicles are minicars with engines that displace 660 cc or less. They qualify for lower taxes than conventional cars and represent more than 30 per cent of the Japanese auto market.